

West Georgia Regional Update

UNIVERSITY of
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Richards
College of Business

Carroll, Coweta, Douglas, Haralson and Paulding Counties

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ANNOUNCEMENT

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Spotlight: Income, Population, Housing, and Recovery

The bursting of the housing bubble, and the subsequent Great Recession have combined to slow or reverse the growth in both income and population within the formerly fast-growing West Georgia Region. The question of when the regional housing market will regain its footing and start its recovery is really a question of when the region will start adding jobs faster than job seekers.

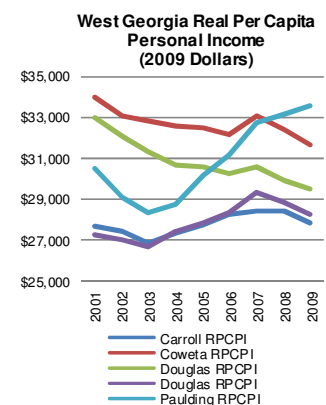
Demand for housing is dependent on the number of potential home owners and their incomes. From the end of the 2001 recession to the end of the 2007-2009 recession, or from trough-to-trough of the two most recent recessions, income has grown, but its rate of growth has been slower than inflation and not the same for all counties within the region.

Personal income is the income received by all persons from all sources. Per capita personal income (PCPI) is calculated as the total personal income of residents in a given

area divided by the resident population of that area. Real per capita personal income is PCPI deflated by the Consumer Price Index (CPI).

In 2009, total personal income in the five-county West Georgia Region was \$16.451 billion, up 62.2% from the 2001 level (\$10.142 billion). West Georgia county total personal income growth rates range from a high of 105.5% in Paulding to a low of 38.2% in Haralson County over this 8-year period. Paulding's tremendous income gain was primarily fueled by the 74.3% increase in population since the previous Census.

Measured on an individual basis, Paulding's per capita personal income (PCPI) also outperformed the rest of the region over the 2001-2009 period. Paulding's PCPI increased by 33.2% over the 8-year period. In comparison, PCPI only increased by 16.9% in Georgia, and 27.3% in the U.S. over the same period. As for the other



counties in the region, PCPI grew by 25.9% in Haralson, 22.2% in Carroll, 13.0% in Coweta and by 8.2% in Douglas. Furthermore, Paulding was the only county in the region to see its PCPI improve relative to the national average. By 2009, Paulding's PCPI stood at 85% of the national average, up from 81% in 2001. In contrast, Carroll County's PCPI was 70% of the national average in 2009, and had grown slower than the

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U.S. real GDP grew by a rather modest 1.3% in the second quarter of 2011 (up from 0.4% growth in the 1st quarter of 2011). On a positive note, the U.S. economy added 117,000 jobs in July 2011. The business sector was busy adding jobs in July, adding 154,000 workers. On the other hand,

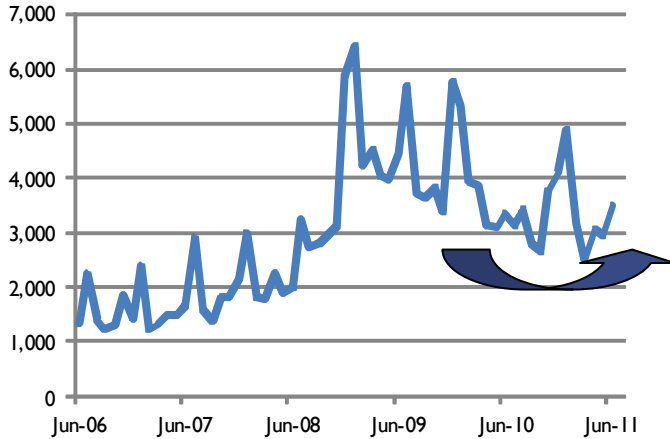
about 37,000 mainly state and local government jobs were lost in July. The overall U.S. unemployment is currently at 9.1%. The most recent Case-Schiller Home Price Index shows continued weakness in the housing market with home prices down year-over-year in May 2011 by 4.5% nationally

and even more steeply in the Atlanta MSA (-4.6%). As for the West Georgia Region, unemployment rates continue to remain above the state and national averages in four of the five counties. As of June 2011, the unemployment rates in Carroll, Douglas, Haralson and Paulding counties exceeded the

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West Georgia Employment Update

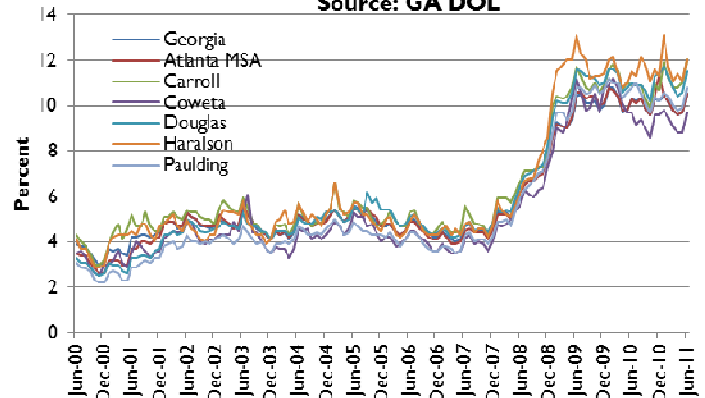
**West Georgia Initial UI Claims
June 2006 - June 2011**



The State of Georgia saw its June 2011 unemployment rates on the rise. In the West Georgia Region, Carroll County's unemployment rate increased by more than 1.1 percentage points over the period June 2010-2011, from 10.9% to 12.0%. Douglas and Haralson both saw year-over-year increases of half a percentage point each. Currently Coweta has the lowest unemployment rate in the region at 9.7%, though up from 8.8% in May, it is unchanged from June 2010. One of the chief difficulties in moving beyond the 2007-2009 recession is the region's inability to quickly re-employ those workers who have lost their jobs. Though unemployment rates have not increased substantially, they have also not shown any considerable progress since breaking into the double-digits in the first half of 2009.

West Georgia's initial unemployment insurance claims may be signaling a pause in an already sluggish recovery. The region's initial claims increased by 4.0% from June 2010 to June 2011, marking the first year-over-year increase in claims for the total region since November 2010. Within the region, Initial UI claims were mixed. Haralson, Carroll and Coweta experienced increases in UI claims. Haralson saw the largest increase among West Georgia Counties, surging from 189 claims for June, 2010 to 287 in July, 2011 (a jump of 51.9%). Carroll County's claims increased by 119 over the period June 2010-2011 (or 15.1%) with most of the county's recent job losses coming from the government and service sector (2009-2010). Coweta County saw its initial UI claims bump up by 96 claims (or 13.3%), driven by more job losses in construction. Only Paulding (at -15.4%) and Douglas (at -5.3%) saw declines in initial UI claims over the period.

**Monthly Unemployment Rates
Source: GA DOL**



**Employment Growth
(% Change 2009:Q4 to 2010:Q4)**

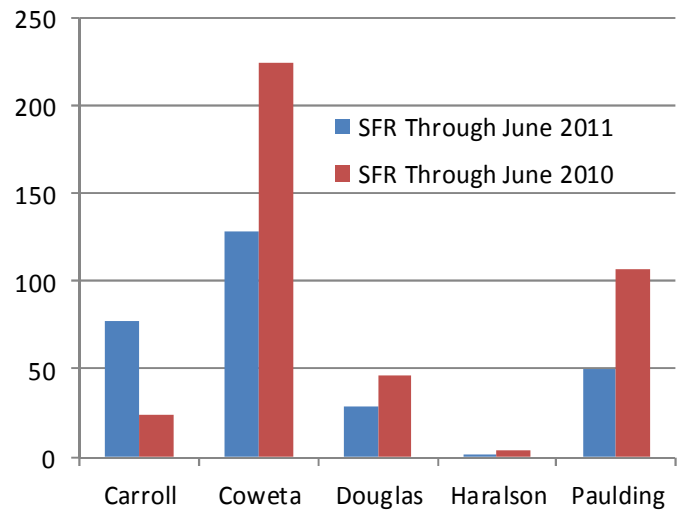
County	Total Employment	Goods Producing	Service Providing	Govt.
Carroll	-2.2%	-1.9%	-2.9%	-1.3%
Coweta	1.7%	-5.1%	3.9%	-0.2%
Douglas	-2.0%	-2.4%	-2.2%	-1.2%
Haralson	1.0%	-0.7%	4.3%	-3.9%
Paulding	-0.9%	-3.7%	2.1%	-6.9%
Georgia	0.6%	-1.7%	1.4%	-1.1%

For the West Georgia Region, employment growth remains a mixed bag. The most recent data show that Carroll, Douglas and Paulding have seen overall job losses over the past year (2009:Q4-2010:Q4), while Coweta and Haralson have experienced growth. Carroll experienced the largest job decline both in absolute and percentage terms, shedding 2.2% of its job base (-809 jobs), with 705 of those being lost in industries such as construction (-188 jobs), transportation and warehousing (-194 jobs), and administrative support (-274 jobs). Douglas experienced losses totaling 730 jobs with retail trade (-789 jobs) taking the biggest hit. Douglas' gains in warehousing (+141 jobs) and administrative services (+430 jobs) have mitigated but not offset the job losses in retail. On a positive note, the largest job gains over the period came from Coweta, which posted 1.7% job growth (+513 jobs). The majority of Coweta's job gains occurred in wholesale trade and administrative services. Administrative services includes temp jobs (a leading economic indicator), have seen substantial gains in all but Carroll County.

West Georgia Housing and Income Update

Through June 2011, West Georgia single family housing permits have slipped further in all but Carroll County, as compared with the same period a year earlier. Though not depicted in the graph, Carroll County has also experienced a small resurgence in multi-family housing as well, where other counties in the region have issued zero multi-family permits. In recent months, Coweta County has shown some upward movements in new housing permits; however, current data have deflated hopes of short-term growth continuing into a longer-term trend. Paulding County, which in 2005 was generating 3,454 single family residential permits (or 38.2% of the housing permits in the West Georgia Region) is currently on track to deliver 100 permits in 2011, reducing its share to 17.6% of total West Georgia permits. In 2005, Coweta's housing permits accounted for 22.7% of total single family permits in the region; but, currently it accounts for 45.1% of the regions new single family permits.

Single Family Residential Permits



Foreclosures		
Location	Apr-11	July-11
U.S.	1 in 593	1 in 611
Georgia	1 in 479	1 in 355
Carroll	1 in 311	1 in 240
Coweta	1 in 378	1 in 433
Douglas	1 in 236	1 in 213
Haralson	1 in 643	1 in 349
Paulding	1 in 339	1 in 204

Foreclosures at the state level, have worsened as compared with the nation over the past two months. At the national level, foreclosures have improved slightly from one foreclosure for every 593 housing units, to one in 611. Georgia's foreclosures have moved in the opposite direction. From April to July, Georgia saw its foreclosures increase from one foreclosure for every 479 housing units, to one in 355, an increase of 34.9% in two months. Within the West Georgia Region, only Coweta County has a lower foreclosure rate than the state's overall rate. Despite a worsening of Douglas County's foreclosure rate, Paulding has replaced Douglas as the county with the highest rate of foreclosures in the region, going from one foreclosure in every 339 units in April to one in every 204 housing units in July.

In the West Georgia Region, total personal income (PI) has increased by 62% from the bottom of the 2001 recession to the bottom of the 2007-2009 recession. The largest increase both in percentage and absolute terms has come from Paulding County, which saw its PI increase from \$2.2 billion in 2001 to \$4.6 billion in 2009, an increase of 106% in the 8-year period. Haralson has seen the slowest growth in personal income over the period, increasing only 38%. On a per capita basis, Douglas experienced the slowest growth, managing only an 8% increase over the 8-year period, while Carroll (+22%), Haralson (+26%), and Paulding (+33%) performed better than both the rest of the region and the state. Despite the growth that occurred, the region's income continues to slip relative to that of the nation overall. With the exception of Paulding, all West Georgia Counties comprised a lower proportion of U.S. PCPI in 2009 than in 2001.

Total Personal Income & Per Capita Personal Income			
	PI 2001 (x1,000)	PI 2009 (x1,000)	Change
Carroll	\$2,089,203	\$3,198,964	53%
Coweta	\$2,628,976	\$4,027,503	53%
Douglas	\$2,602,642	\$3,823,091	47%
Haralson	\$590,898	\$817,318	38%
Paulding	\$2,230,481	\$4,583,785	106%
West GA Region	\$10,142,200	\$16,450,661	62%
Georgia	\$245,829,394	\$335,465,861	36%
	PCPI 2001	PCPI 2009	Change
Carroll	\$22,815	\$27,871	22%
Coweta	\$28,038	\$31,685	13%
Douglas	\$27,252	\$29,476	8%
Haralson	\$22,469	\$28,291	26%
Paulding	\$25,178	\$33,543	33%
West GA Region	\$25,629	\$30,627	19%
Georgia	\$29,197	\$34,129	17%

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[Income, Housing Permits and Population](cont.)

national average growth over the previous 8 years.

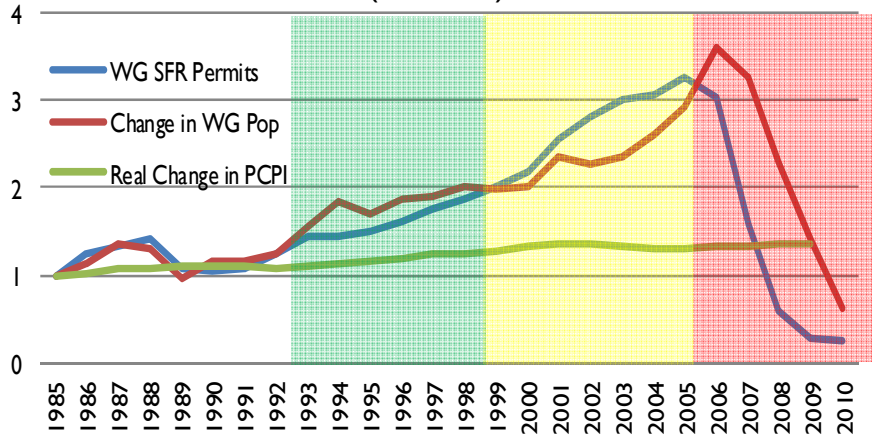
Though the typical paycheck of an employed worker is larger, rising costs mean paychecks are buying less. After accounting for inflation, The region's PCPI actually declined by \$420 dollars (or, 1.4%) between 2001 and 2009, measured in 2009 dollars. Carroll, Haralson and Paulding saw gains in real PCPI, with Paulding's real income increasing by an average of \$3,042 over the 8-year period. Douglas and Coweta both saw real PCPI declines of \$3,537 and \$2,280 over the same period (See graph on page 1).

Since workers are attracted to a region by the prospect of jobs and higher real wages, the West Georgia Region, with its relatively high unemployment rate and falling real wages, has seen its overall growth in population start to significantly slow down. The graph (to the right) depicts changes in PCPI, population and single family housing in the West Georgia Region as a percent of their values in 1985. Between 1993 and 1999, population growth exceeded the growth in single-family housing units, creating a sellers' market; With substantial gains to be made in new hous-

ing, builders ramped up construction of new homes. By 1999, there were many more houses being built that there were new home buyers moving to the region, and real income growth was slowing. By 2007, with foreclosures on the rise and neither the income growth nor population growth to sustain the number of housing being built, the West Georgia housing market collapsed, as it did in most areas of the country.

For West Georgia's housing market to start a recovery, jobs and incomes will have to recover first; however, with unemployment rates for all counties in the region trending sideways, initial unemployment claims rising again, and renewed worries in the world financial markets, the prospect of a housing recover seems to be moving further away at present.

West Georgia Real PCPI, Population & SF Housing Permits (normalized)



Update

state rate of 10.5%. Only Coweta County, with an unemployment rate of 9.7%, was able to outperform the overall state economy. There has been little to no improvement in the job situation in West Georgia region over the past year. Unemployment rates have increased or remained the same in four of the five counties in the region. In addition, Initial claims for unemployment benefits were higher in June 2011 compared to June 2010 in three of five counties in the region.

The most recently available employment data show continued job losses in the West Georgia region. As summarized in the table on page 2, total employment fell in three of West Georgia's counties between 2009:Q4 and 2010:Q4. Due to a rebound in service-providing jobs, Coweta County posted a modest gain in total employment over this period. The normally

stable government sector saw employment declines in each of the counties as well as the state as a whole during this period. Recent housing data show continued weakness as single family permit activity in the West Georgia Region was down by 30% in the first six months of 2011 compared to the same period in 2010. According to RealtyTrac Inc. (July 2011 data), Paulding County now has the most serious foreclosure problem in the region with 1 in every 204 housing units in foreclosure.

There has been some positive economic news in the West Georgia Region in recent months. In early August, the groundbreaking for the new Cancer Treatment Centers of America in Newnan took place. This \$150 million hospital is expected to add 500 new jobs to the Newnan economy. In addition,

Chromalloy, an engine components repair and coatings facility, is expected to add 150 jobs in Newnan over the next year. Tanner Health Systems continues construction on its new emergency department at its Carrollton medical complex and has also announced plans for a new medical facility in Wedowee, Alabama. In other health sector news, WellStar Health System announced plans to begin construction of its new hospital in Hiram in August 2012. The City of Douglasville recently reached an agreement with Hardin Construction of Atlanta to build its \$13 million Conference Center. On a negative note, the liquidation of the Borders Group has resulted in the closing of Borders bookstore in the Arbor Place Mall. In a piece of positive news for Haralson County, Honda Lock announced plans in late July to add about 100 workers to payroll.